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Message Text

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ACTION AID-59

INFO OCT-01 EA-10 ISO-00 EB-08 L-03 IGA-02 AGRE-00
CIAE-00 COME-00 TRSE-00 OMB-01 DODE-00 /084 W
----------097124 191257Z /45
R 190835Z AUG 77
FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC 3285

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PASS AGRICULTURE

E.O. 11652: N/A
TAGS: EAGR, EAID, ID
SUBJECT: PROPOSED AMENDMENT TO MAY 17, 1977 TITLE I PL 480 AGREEMENT

REF: STATE 196790

1. SUMMARY: SUBSTANCE REFTEL CONVEYED TO GENERAL ARIFIN WHO REACTED WITH EXTREME DISAPPOINTMENT POINTING OUT BULOG'S CAREFULLY ARRANGED SCHEDULE OF IMPORTED RICE ARRIVALS FROM ALL SOURCES ALREADY SERIOUSLY DISRUPTED BY DELAY IN APPROVAL TITLE I AMENDMENT TO WHICH NOW ADDED UNCERTAINTY ABOUT REMAINDER GOI REQUEST FOR TOTAL 500,000 TONS RICE AND 280,000 TONS WHEAT.

2. GENERAL ARIFIN, BULOG HEAD, ADVISED SUBSTANCE OF REFTEL WHICH SUBSTATIALLY ALTERS BASIS ON WHICH BULOG HAS BEEN PLANNING OVERALL RICE AND WHEAT IMPORT ARRIVALS INCLUDING UNDER TITLE I PL 480. IT MUST BE APPRECIATED BULOG HAS CAREFULLY WORKED OUT SCHEDULE FOR ARRIVALS OF TOTAL 1,750,000 TONS RICE IMPORTS APRIL 1977 THROUGH MARCH 1978 AND 1,019,000 TONS OF WHEAT. TITLE I PORTION OF RICE IMPORTS THAT HAS BEEN COUNTED ON BY BULOG CONSTITUTES 28.5 PERCENT OF TOTAL IMPORTS AND TITLE I WHEAT
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27.5 PERCENT OF TOTAL WHEAT IMPORTS. ARIFIN FEELS ENTIRE SUPPLY PROGRAM NOW THROWN IN A TAILSPIN AS BULOG HAS NO ASSURANCE REMAINING 300,000 TONS RICE AND 160,000 TONS WHEAT ORIGINALLY REQUESTED BY GOI WILL, IN FACT, BE APPROVED IN WASHINGTON FOR SHIPMENT AFTER OCTOBER 1. BULOG, IN FACT, FORCED TO CONTRACT TODAY FOR 60,000 TONS DARK NORTHERN SPRING FROM U.S. AS BOGASARI FLOUR MILL

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WILL BE OUT OF WHEAT BY END SEPTEMBER SINCE PLANNED ARRIVALS
UNDER TITLE I IN AUGUST AND SEPTEMBER WILL NOT MATERIALIZE.

3. ARIFIN EXTREMELY DOUBTFUL ENTIRE PROCEDURE OF PA ISSUANCE,
TENDERING, OPENING OF BIDS AND SCHEDULING OF SHIPMENTS CAN
BE ACCOMPLISHED IN TIME FOR LIFTING 50,000 TONS RICE AND
60,000 TONS WHEAT BEFORE SEPTEMBER 30 IF AUTHORIZATION
TO CONCLUDE AMENDMENT TO TITLE I AGREEMENT CANNOT BE
EXPECTED UNTIL AFTER AUGUST 30. EVEN IF SUCH AUTHORIZATION
RECEIVED HERE ON AUGUST 31 THERE IS DOUBT WE COULD GIVE
WASHINGTON BEFORE WEEKEND OF SEPTEMBER 3-4 REQUESTED 48
HOURS NOTICE IN ADVANCE OF EXCHANGE OF NOTES AMENDING
AGREEMENT. IF AGREEMENT NOT FORMALIZED ON SEPTEMBER 2
THEN NEXT EARLIEST DATE FOR SIGNATURE WOULD BE LATE ON
SEPTEMBER 7. ARIFIN SAID ONLY WAY BULOG CAN SEE COMPLETING
PROCUREMENT AND SHIPMENT BY SEPTEMBER 30 WOULD BE TO
COMPLETE AGREEMENT BEFORE END OF AUGUST. THIS BASED ON
PAST EXPERIENCE OF TIME REQUIRED FOR ISSUANCE OF PA'S,
ONE WEEK NORMALLY REQUIRED FOR USDA APPROVAL OF TENDER
ISSUANCES, TENDER AND OPENING OF BIDS. AVAILABILITY OF
SHPPING WOULD STILL REMAIN AN UNCERTAINTY. ALSO QUESTION
WHETHER RICE CAN BE MILLED AND MOVED TO PORT IN TIME FOR
LIFTING BEFORE SEPTEMBER 30. PLEASE ADVISE WHETHER ANY
POSSIBILITY CONCLUDING AMENDMENT BEFORE END AUGUST AND
EXTENT TO WHICH PROCUREMENT PROCEDURES CAN BE EXPEDITED.

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4. COMMENT: BULOG'S DFFICULTIES IN THESE CIRCUMSTANCES
MUST BE UNDERSTOOD FROM STANDPOINT IMPORTED RICE IS
DELIVERED THROUGHOUT ARCHIPELAGO TO MANY DIFFERENT PORTS
WHERE THE OVER 300 DULOG AND SUB-DULOG WAREHOUSES ARE
LOCATED. THIS REQUIRES INTRICATE PLANNING WITH RICE
ARRIVING FROM TEN DIFFERENT SOURCES AND TO MEET RICE
DISTRIBUTION REQUIREMENTS TO MAINTAIN PRICE STABILITY.
EMBASSY WOULD CALL TO ATTENTION OF THOSE CONSIDERING
AMENDMENT TO TITLE I PL 480 AGREEMENT STATEMENT MADE BY
PRESIDENT SUHARTO THAT 3 OUT OF 10 PERSONS IN INDONESIA
STILL EXIST AT LESS THATN WORLD BANK POVERTY INCOME LEVELS
OF $75 IN RUBAN AREAS AND $50 IN RURAL AREQS. PRESIDENT
SAID IN 1970 8 OUT OF 10 IN POPULATIONSUBSISTED AT BELOW
THESE WORLD BANK POVERTY LEVELS. THIS GIVES AN INDICATION
OF WHAT THIS COUNTRY HAS ACCOMPLISHED THROUGH ITS OWN
DEVELOPMENTAL EFFORTS ALONG WITH FOREIGN ASSISTANCE.
HAVING ONE-THIRD OF POPULATION SUBSISTING AT BELOW
RECOGNIZED POVERTY LEVELS, HOWEVER, IS STILL A SHOCKING
REMINDER OF THE CONTINUING NEED OF INDONESIA FOR
EXTERNAL ASSISTANCE SUCH AS PROVIDED BY TITLE I PL 480.
RIVES

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, AMENDMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 19-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977JAKART11134
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770300-0049
Format: TEL
From: JAKARTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770845/aaaablld.tel
Line Count: 115
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7c1f0358-c288-dd11-92da-001cc4696bcc
Office: ACTION AID
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 196790
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 11-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1551682
Secure: OPEN
Status: NATIVE
Subject: PROPOSED AMENDMENT TO MAY 17, 1977 TITLE I PL 480 AGREEMENT
TAGS: EAGR, EAID, ID
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/7c1f0358-c288-dd11-92da-001cc4696bcc
Review Markings:
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22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009